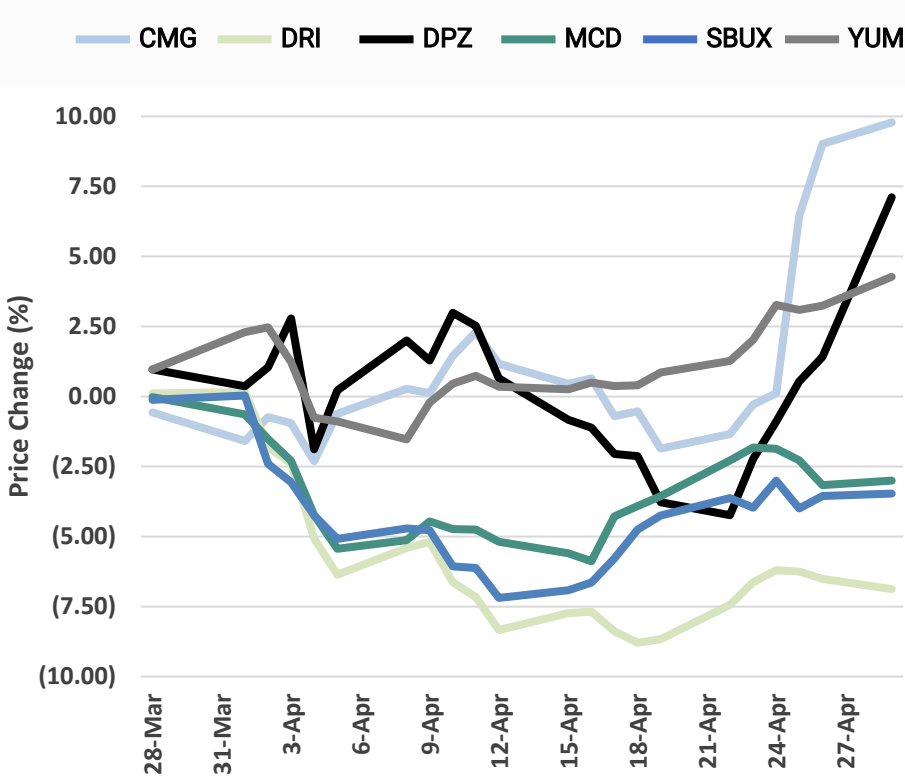


Restaurant Sector

April 2024

RESTAURANT INDEX PERFORMANCE



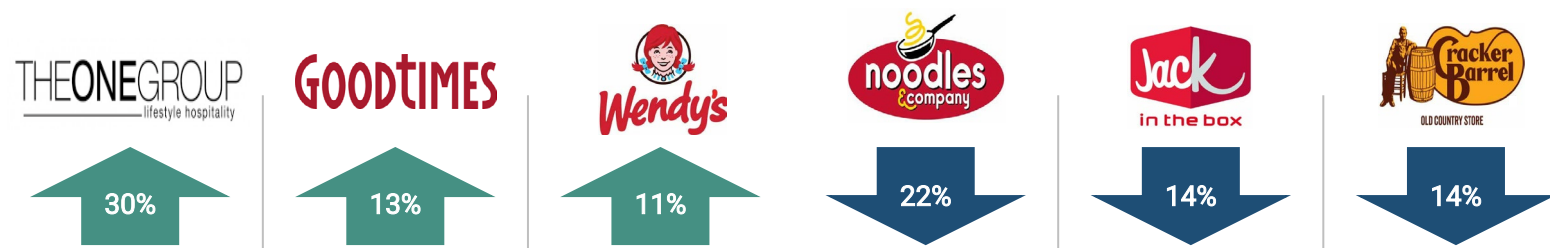
The Restaurant Index outperformed the S&P 500 and Nasdaq markets by 2.60% and 2.62%, respectively, over the last month, despite recording a loss of -0.08%.

STOCK	PRICE CHANGE
CMG - Chipotle	9.78%
DRI - Darden	(-6.88%)
DPZ - Domino's	7.11%
MCD - McDonald's	(-3.00%)
SBUX - Starbucks	(-3.46%)
YUM - Yum Brands	4.27%
RESTAURANT INDEX*	(-0.08%)

*Weighted change of S&P 500 Restaurants (Sub Ind)
Source: Capital IQ as of April 29th, 2024

WINNERS, LOSERS ACROSS BROADER INDUSTRY

One month price change as of April 29th, 2024



* Criteria: market capitalization >\$10m, USA or CAN location; Full service, Fast food or Tea/Coffee shop classification Source: Capital IQ

HAPPENINGS ACROSS THE INDUSTRY

QUICK SERVICE



Crumbl Cookies introduces a "Mini Mondays" promotion, allowing customers the option to purchase miniature-sized versions of select cookies on Mondays every week.

The promotion attempts to increase sales after the company saw a 37% decrease in average unit volume sales during 2023.

FAST CASUAL



Tex-Mex chain, Tijuana Flats, files for Chapter 11 bankruptcy on April 19 and will undergo a change in ownership.

The new ownership group announced it will close 11 of the 140 locations following an analysis of unit-by-unit financial performance, occupancy costs, and market conditions.

CASUAL DINING



Red Lobster could be heading towards bankruptcy as it continues its struggle to pay bills on time, with reportedly 70% of bills being paid late in February.

The company experienced unexpectedly high demand from its 'Endless Shrimp' promotion, which resulted in \$11 million and \$12.5 million operating losses in Q3 and Q4 of 2023, respectively.

FINE DINING



The coveted number one rated restaurant in the New York Times' annual list of the 100 Best Restaurants in New York City was awarded to 'Tatiana by Kwame Onwuachi'.

The Afro-Caribbean style restaurant located in the Lincoln Center was opened by the Bronx-based chef during November 2022.

The Big Story

On April 24th, prominent private equity firm, Blackstone, announced it has finalized an agreement to acquire Tropical Smoothie Cafe from Levine Leichtman Capital Partners, marking the inaugural transaction from its latest private equity fund. With a strategic focus on accelerating the cafe's expansion, Blackstone plans to infuse investments into menu innovation, operational efficiencies, and robust marketing endeavors. Valued at \$2 billion, this acquisition not only underscores Blackstone's adeptness in nurturing the growth of premier high-potential franchisors but also validates Tropical Smoothie Cafe's robust financial performance, with U.S. system sales reaching nearly \$1.3 billion in 2023.

ABOUT THE COMPANY

- Tropical Smoothie Café was founded in 1997 and has become a nationwide fast-casual restaurant brand with more than 1,400 locations in 44 states.
- Renowned for its nutritious smoothies and food offerings, the company has witnessed rapid growth, opening over 175 new locations in 2023 alone, with 70% operated by existing franchisees.

THINGS TO NOTE

- The acquisition announcement signifies a potential resurgence in the restaurant M&A market, with buyers showing a preference for quality concepts amidst changing market dynamics and economic conditions.
- Consistently recognized for its excellence, Tropical Smoothie Cafe has topped the 'Smoothie/Juice Category' in the Entrepreneur Franchisee 500 for four consecutive years.

FINANCE FUNDAMENTALS CORNER

In the dynamic and competitive landscape of the restaurant industry, CFOs play a pivotal role in steering companies towards sustainable growth while upholding operational efficiencies. Prioritizing strategic financial management is essential for CFOs to support accelerated expansion plans, ensuring the successful execution of growth initiatives while safeguarding the financial health and efficiency of the organization.

Financial Forecasting and Budgeting

Developing robust forecasts and budgets ensures financial stability and aligns resources with strategic growth objectives. Accurate projections provide a roadmap for expansion, fostering informed decision-making and organizational assurance.

Cash Flow Management

Effective cash flow management maintains liquidity and sustains operations during growth. Sound strategies optimize cash timing, ensuring funds for obligations and growth opportunities, enhancing financial flexibility and resilience.

Performance Metrics and KPIs

Establishing metrics and KPIs monitors progress and drives improvement toward growth goals. Clear benchmarks offer visibility into financial and operational health, enabling proactive optimization and investment decisions for maximum ROI.

HOW WE SUPPORT RESTAURANT CLIENTS

- ✓ Deploy advanced tools to help identify statistically significant trends and improve forecasting across the business
- ✓ Improve existing daily cash reporting; set cash goals and incorporate into existing packages
- ✓ Build automated KPI dashboards to provide real-time data analytics and key business insights
- ✓ Build four-wall analysis to evaluate store performance